

Message Text

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17

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01

FRB-03 OMB-01 L-03 SS-15 NSC-05 H-02 PA-01 PRS-01

USIA-06 /090 W

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R 231010Z JUL 75

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 8487

INFO US MISSION GENEVA 317

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DEPT. FOR EB/ICD/FTD

GENEVA FOR PHELAN

E.O. 11652: N/A

TAGS: ETRD, CZ

SUBJECT: TEXTILES: BILATERAL AGREEMENT

REF: STATE 164608

1. ON JULY 14, SAME DATE EMBASSY RECEIVED REFTEL, MINISTRY OF FOREIGN AFFAIRS NOTE ARRIVED AT EMBASSY AGREEING TO CONSULTATIONS IN NOVEMBER ON POSSIBLE REPLACEMENT OF EXISTING BILATERAL TEXTILE AGREEMENT. IT WAS OBVIOUS FROM WORDING THAT MFA NOTE HAD BEEN DRAFTED WITHOUT KNOWLEDGE OF PROPOSALS VELEK WAS BRINGING BACK TO PRAGUE AFTER TALKS IN DEPARTMENT. EMBOFF SOUGHT CLARIFICATION BY TELEPHONE WITH JAROSLAV MERCL, U.S. DESK OFFICER, MINISTRY OF FOREIGN TRADE, AND LATTER REQUESTED MEETING ON JULY 18, AFTER VELEK HAD CONSULTED WITH MFT OFFICIALS, TO DISCUSS DEPARTMENT'S LATEST PROPOSAL.

2. TEXT OF MFA NOTE FOLLOWS WITH STANDARD DIPLOMATIC PHRASES

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AND UNNECESSARY WORDS DELETED (NOTE NO. 98.335/75; JULY 14,

1975): BEGIN TEXT. "FEDERAL MINISTRY OF FOREIGN AFFAIRS REFERS TO EMBASSY'S NOTE NO. 109 OF JUNE 11, 1975, AND HAS HONOR TO ADVISE THAT RESPECTIVE CZECHOSLOVAK MINISTRY AGREES TO CONSULTATION ON A POSSIBLE REPLACEMENT OF EXISTING AGREEMENT BETWEEN CZECHOSLOVAK SOCIALIST REPUBLIC AND UNITED STATES OF AMERICA ON EXPORTS OF CZECHOSLOVAK TEXTILE PRODUCTS TO UNITED STATES OF AMERICA BY A NEW AGREEMENT BASED ON ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES OF DECEMBER 20, 1973. SINCE, HOWEVER, POSSIBLE CONCLUSION OF SUCH A NEW AGREEMENT REQUIRES APPROVAL BY CZECHOSLOVAK GOVERNMENT, IT IS IMPOSSIBLE FOR REASON OF TIME TO OPEN THE CONSULTATIONS ON JULY 14, 1975. THE MINISTRY CONCERNED EXPECTS THAT IT WILL OBTAIN THE SAID APPROVAL FOR CONSULTATIONS BY END OF OCTOBER, 1975. NEGOTIATIONS COULD THUS BE HELD IN NOVEMBER, 1975 OR AT A LATER TIME WHICH THE UNITED STATES GOVERNMENT WOULD DEEM APPROPRIATE." END TEXT.

3. ON JULY 18, MERCL SAID HE PERSONALLY WOULD PREFER TO SEE CURRENT BILATERAL AGREEMENT RUN ITS COURSE THROUGH APRIL 30, 1977. HE SAID CZECHOSLOVAKIA HAD NEVER FILLED MORE THAN 50 PERCENT OF ITS QUOTA UNDER BILATERAL, AND IN MOST YEARS HAD NOT EXCEEDED 50 PERCENT. GIVEN SMALL VOLUME OF TRADE (LACK OF MFN PRECLUDES LARGER VOLUME OF TEXTILE SALES IN U.S.) AND LIMITED TIME REMAINING ON CURRENT AGREEMENT, MERCL EXPRESSED OPINION THAT CZECH SIDE WOULD NOT WISH TO UNDERTAKE NEGOTIATIONS AT THIS TIME TO REPLACE PRESENT BILATERAL WITH CONSULTATIVE MECHANISM PER REFTEL. MERCL SAID THAT INTERNAL PROCEDURES WITHIN CZECHOSLOVAK GOVERNMENT WOULD BE NEARLY IDENTICAL AND IT WOULD BE JUST AS CUMBERSOME TO RENEGOTIATE PRESENT AGREEMENT AS TO REPLACE IT WITH MEMORANDUM OF UNDERSTANDING TO CONSULT WHENEVER CZECHOSLOVAK SHIPMENTS OF VARIOUS CATEGORIES OF TEXTILES THREATENED TO DISRUPT U.S. MARKET. HE THEREFORE HOPED U.S. SIDE WOULD BE WILLING TO LET THINGS RIDE UNTIL CURRENT AGREEMENT TERMINATES AND, IF TRADE PATTERNS REMAIN AS AT PRESENT AND U.S. SIDE IS STILL INTERESTED, TO DROP CURRENT BILATERAL AGREEMENT AT THAT TIME IN FAVOR OF CONSULTATIVE MECHANISM AS DESCRIBED REFTEL.

4. COMMENT: EMBASSY BELIEVES THIS WILL BE ANSWER VELEK MAKES TO DEPARTMENT'S PROPOSAL ON HIS RETURN TO WASHINGTON LIMITED OFFICIAL USE

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IN LATE AUGUST. DEPARTMENT MAY WISH IN MEANTIME TO CONSIDER POSSIBILITY OF LETTING CURRENT AGREEMENT RUN ITS COURSE, EVEN THOUGH ALL SUCH BILATERAL AGREEMENTS WERE SUPPOSED TO BE RENEGOTIATED WITHIN ONE YEAR OF ENTRY INTO FORCE OF ARRANGEMENT ON TRADE IN TEXTILES. EMBASSY WILL DELAY RESPONDING TO MFA NOTE UNTIL SITUATION IS CLARIFIED, BUT APPRECIATE DEPARTMENT'S COMMENTS ON ABOVE IN INTERIM. CLEARLY, TIMING SUGGESTED FOR CONSULTATIONS IN MFA NOTE INDICATES THAT

CZECHS DO NOT INTEND TO DO MUCH ON THIS MATTER DURING
SUMMER VACATION MONTHS.
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Message Attributes

Automatic Decaptioning: X
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Concepts: TEXTILES, NEGOTIATIONS, FOREIGN TRADE
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Copy: SINGLE
Draft Date: 23 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
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Film Number: D750254-0175
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